

WJ PHC-367 PUN 0536354356

District I  
1623 N. French Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

District II  
1701 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

District III  
1000 San Marcos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

CLAYTON WILLIAMS ENERGY, INC. SIX DESTA DR., #3000, MIDLAND, TX 79705

Operator CLAYTON WILLIAMS ENERGY, INC. Address SIX DESTA DR., #3000, MIDLAND, TX 79705

Lease STATE 16-4 Well No. 1 Unit Letter-Section-Township-Range D, Sec 16, T22S, R22E County Eddy

OGRID No. 25706 Property Code 34517 API No. 30-015-33789 Lease Typc:  Federal  State  Fee

| DATA ELEMENT   | UPPER ZONE  | INTERMEDIATE ZONE   | LOWER ZONE  |
|--|---|---|---|
| Pool Name  | Wildcat Strawn (gas)                                      | Wildcat Atoka (gas)                                       | Rocky Arroyo (Morrow Gas) (limestone)                     |
| Pool Code  |   |   | 84160   |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval)   | 8312' - 8410'   | 8474'-8538'; 8604'-8714'                                  | 8780' - 8841'   |
| Method of Production (Flowing or Artificial Lift)  | flowing   | flowing   | flowing   |
| Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)    |   |   |   |
| Oil Gravity or Gas BTU (Degree API or Gas BTU)   |   |   |   |
| Producing, Shut-In or New Zone   | New zone  | New zone  | New zone  |
| Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date:<br>Rates:   | Date:<br>Rates:   | Date:<br>Rates:   |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)                  | Oil Gas<br>Allocation % will be submitted upon completion | Oil Gas<br>Allocation % will be submitted upon completion | Oil Gas<br>Allocation % will be submitted upon completion |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No   
 If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No   
 Are all produced fluids from all commingled zones compatible with each other? Yes  No   
 Will commingling decrease the value of production? Yes  No   
 If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes  No   
 NMOC Reference Case No. applicable to this well: \_\_\_\_\_

Attachments:  
 C-102 for each zone to be commingled showing its spacing unit and acreage dedication. - attached  
 Production curve for each zone for at least one year. (If not available, attach explanation.) - N/A  
 For zones with no production history, estimated production rates and supporting data. - attached  
 Data to support allocation method or formula. - provided upon completion  
 Notification list of working, royalty and overriding royalty interests for uncommon interest cases. - N/A  
 Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools  
 List of all operators within the proposed Pre-Approved Pools  
 Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.  
 Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Gree Benton TITLE Operations Manager DATE 12/29/2005  
 TYPE OR PRINT NAME Gree Benton TELEPHONE NO. ( 432 ) 682-6324  
 E-MAIL ADDRESS gbenton@claytonwilliams.com

**DISTRICT I**  
1225 N. French Dr., Hobbs, NM 88240

**DISTRICT II**  
811 South First, Artesia, NM 88210

**DISTRICT III**  
1000 Rio Grande Ed., Aztec, NM 87410

**DISTRICT IV**  
2840 South Panhoco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**

2040 South Panhoco  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                            |  |                               |
|----------------------------|--|-------------------------------|
| API Number<br>30-015-33789 | Pool Code                                      | Pool Name<br>Wildcat - Strawn |
| Property Code<br>34517     | Property Name<br>STATE "16-4"                  | Well Number<br>1              |
| OGRID No.<br>25706         | Operator Name<br>CLAYTON WILLIAMS ENERGY, INC. | Elevation<br>4351'            |

**Surface Location**

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D             | 16      | 22 S     | 22 E  |         | 660           | NORTH            | 660           | WEST           | EDDY   |

**Bottom Hole Location If Different From Surface**

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                        |                 |                    |           |
|------------------------|-----------------|--------------------|-----------|
| Dedicated Acres<br>320 | Joint or Infill | Consolidation Code | Order No. |
|------------------------|-----------------|--------------------|-----------|

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

|  |   |  |
|--|---|--|
|  | <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Betsy Luna</i><br/>Signature</p> <p>Betsy Luna<br/>Printed Name</p> <p>Engineering Tech.<br/>Title</p> <p>12-29-2005<br/>Date</p>                                   |  |
|  | <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 20, 2004</p> <p>Date Signed</p> <p>Signature of Surveyor</p> <p></p> |  |

**DISTRICT I**  
1688 N. French Dr., Hobbs, NM 88240

**DISTRICT II**  
411 South First, Artesia, NM 88210

**DISTRICT III**  
1000 Rio Brazos Rd., Artesia, NM 87410

**DISTRICT IV**  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**  
2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                            |  |                              |
|----------------------------|--|------------------------------|
| API Number<br>30-015-33789 | Pool Code                                      | Pool Name<br>Wildcat - Atoka |
| Property Code<br>34517     | Property Name<br>STATE "16-4"                  | Well Number<br>1             |
| OGHD No.<br>25706          | Operator Name<br>CLAYTON WILLIAMS ENERGY, INC. | Elevation<br>4351'           |

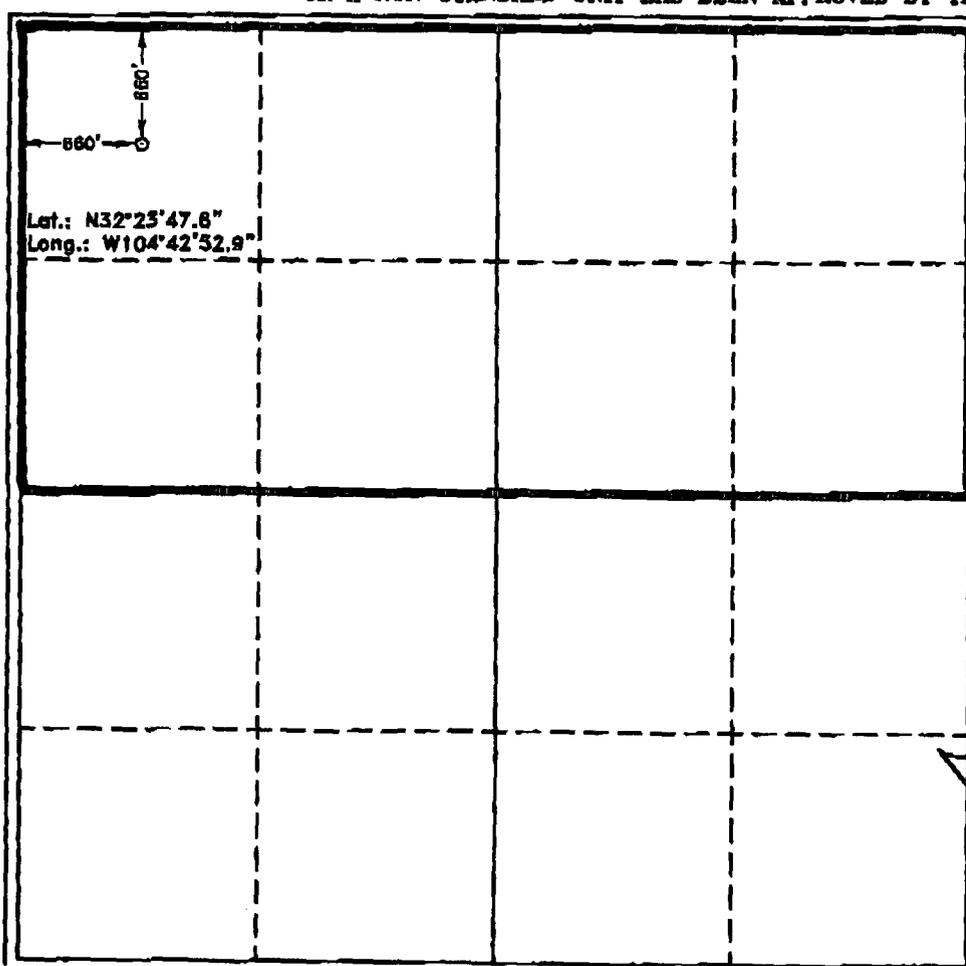
**Surface Location**

| UL or lot No. | Section | Township | Range | Lot Idn. | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|--------|
| D             | 16      | 22 S     | 22 E  |          | 660           | NORTH            | 660           | WEST           | EDDY   |

**Bottom Hole Location if Different From Surface**

| UL or lot No.          | Section | Township        | Range | Lot Idn.           | Feet from the | North/South line | Feet from the | East/West line | County |
|------------------------|---------|-----------------|-------|--------------------|---------------|------------------|---------------|----------------|--------|
|                        |         |                 |       |                    |               |                  |               |                |        |
| Dedicated Acres<br>320 |         | Joint or Infill |       | Consolidation Code |               | Order No.        |               |                |        |

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Betsy Luna*  
Signature

Betsy Luna  
Printed Name

Engineering Tech.  
Title

12-29-2005  
Date

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**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

DECEMBER 20, 2004  
Date Surveyed

*[Signature]*  
Blair [Signature]  
Blair [Signature]

NEW MEXICO  
W.O. No. 3140  
Licentiate No. [Signature] Jones 7977  
REGISTERED PROFESSIONAL LAND SURVEYOR

**DISTRICT I**  
1825 N. French Dr., Hobbs, NM 88240

**DISTRICT II**  
811 South First, Artesia, NM 88210

**DISTRICT III**  
1000 Rio Brazos Rd., Artec, NM 87410

**DISTRICT IV**  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**  
2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                            |  |  |
|----------------------------|--|--|
| API Number<br>30-015-33789 | Pool Code                                      | Pool Name<br>Rocky Arroyo (Morrow Gas) - limestone |
| Property Code<br>34517     | Property Name<br>STATE "16-4"                  | Well Number<br>1                                   |
| OGED No.<br>25706          | Operator Name<br>CLAYTON WILLIAMS ENERGY, INC. | Elevation<br>4351'                                 |

**Surface Location**

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D             | 16      | 22 S     | 22 E  |         | 660           | NORTH            | 660           | WEST           | EDDY   |

**Bottom Hole Location If Different From Surface**

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 320             |                 |                    |           |

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

|  |   |
|--|---|
|  | <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Betsy Luna</i><br/>Signature</p> <p>Betsy Luna<br/>Printed Name</p> <p>Engineering Technician<br/>Title</p> <p>12-29-2005<br/>Date</p>  |
|  | <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 20, 2004<br/>Date Surveyed</p> <p><i>[Signature]</i><br/>Signature of Registered Professional Surveyor</p> <p>W.O. No. 30140<br/>Certificate No. Jones 7977</p> |

December 29, 2005

Via Facsimile (505) 476-3462

State of New Mexico  
Energy, Minerals and Natural Resources Department  
OIL CONSERVATION DIVISION  
~~2040 South Pacheco~~  
Santa Fe New Mexico 87505

Attention: Mr. Will Jones

Re: Additional Data  
Clayton Williams Energy, Inc.  
State 16-4 Lease, Well No. 1  
Sect. 16, T-22-S, R-22-E  
API No. 30-015-33789  
Eddy County, New Mexico

Mr. Jones:

This recommendation is an attempt to establish commercial production from several tight carbonate intervals. Our plans are to incorporate a Permian Basin technique currently being used in the tight Wolfcamp formation. We plan on pumping a slick water frac with small amounts of proppant in an attempt to establish long scoured hydraulic fractures. During drilling these intervals neither kicked or drank any fluid further confirming the tight nature of the rock. Mud log shows were minimal with a little gas and no fluorescence. Open hole log analysis indicates that the zones will either be gas productive or too tight to produce, therefore we do not believe water will be a problem.

The stimulation program will be divided into four stages.

Stage 1: 8780' – 8841' is classified in the Morrow Gas Pool. This interval is a very tight limestone with average porosities in the 2 % range.

Stage 2: 8604' – 8714' is classified in the Atoka Pool. This interval comprises of several tight cherty limestone benches with average porosities in the 3 to 4 % range.

Stage 3: 8474' – 8538' is classified in the Atoka Pool. This interval comprises of two blocky cherty limestone benches with average porosities in the 4 to 6 % range.

Stage 4: 8312' – 8410' is classified in the Strawn Pool. This interval is a very tight cherty limestone with average porosities in the 4 to 6 % range.

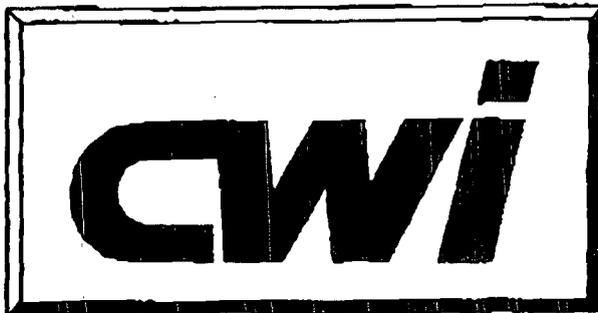
In and of itself no single interval would warrant a completion attempt. However, it is possible that by stimulating all four intervals simultaneously we may be able to establish commercial production. Following stimulation, should we prove successful in establishing commercial gas production, we will run a spinner/temperature survey so as to allocate production to each pool.

Should you have any questions or require further, please call me at (432) 688-3252. Thank you for your help in expediting this request.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Greg Benton', with a long horizontal flourish extending to the right.

Greg Benton  
Operations Manager



**CLAYTON WILLIAMS ENERGY, INC.**  
**Six Desta Drive, Suite 3000**  
**Midland, Texas 79705**  
**(432) 682-6324**

**Fax Cover Sheet**

**DATE:** 12-29-05

**TO:** NEW MEXICO STATE  
LAND OFFICE

**FAX:** (505) 476-3462

**FROM:** GREG BENTON

**FAX:** (432) 688-3225

**Number of pages including cover sheet: [ 8 ]**

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CLAYTON WILLIAMS ENERGY, INC.  
December 29, 2005

Via Facsimile (505) 476-3462

State of New Mexico  
Energy, Minerals and Natural Resources Department  
OIL CONSERVATION DIVISION  
~~2040 South Pacheco~~  
Santa Fe New Mexico 87505

Attention: Mr. Will Jones

Re: Application for Downhole Commingling Form C-107A  
Clayton Williams Energy, Inc.  
State 16-4 Lease, Well No. 1  
Sect. 16, T-22-S, R-22-E  
API No. 30-015-33789  
Eddy County, New Mexico

Mr. Jones:

Please find attached the following documentation pursuant to our application for downhole commingling:

Form 107A  
Form C102  
Estimated Production Rates and Supporting Data

Should you have any questions or require further, please call me at (432) 688-3252.  
Thank you for your help in expediting this request.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Greg Benton", written over a horizontal line.

Greg Benton  
Operations Manager

Cc: New Mexico State Land Office  
Commissioner of Public Lands  
Oil, Gas and Minerals Division  
Jami Bailey, Director  
P O Box 1148  
Santa Fe NM 87504-1148